

Message Text

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PAGE 01 BAGHDA 01497 01 OF 02 220903Z
ACTION NEA-10

INFO OCT-01 AF-10 ARA-14 EUR-12 EA-12 ISO-00 SOE-02
AID-05 CEA-01 CIAE-00 COME-00 DODE-00 EB-08
DOE-15 H-02 INR-10 INT-05 L-03 NSAE-00 NSC-05
OMB-01 PM-05 ICA-20 OES-09 SP-02 SS-15 STR-07
TRSE-00 ACDA-12 PA-02 /188 W
-----029211 220911Z /10

R 201000Z JUL 78
FM USINT BAGHDAD
TO SECSTATE WASHDC 6478
INFO AMEMBASSY ABU DHABI
AMEMBASSY ALGIERS
AMEMBASSY ATHENS
AMEMBASSY BONN
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMEMBASSY JAKARTA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LIBREVILLE
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
AMEMBASSY QUITO
AMEMBASSY TEHRAN
AMEMBASSY TOKYO
AMEMBASSY TRIPOLI

UNCLAS SECTION 1 OF 2 BAGHDAD 1497

ATHENS FOR RTDO

E.O. 11652: N/A
TAGS: ENRG, EIND, BTIO, IZ
SUBJECT: INTERVIEW WITH GOI OIL MINISTER

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PAGE 02 BAGHDA 01497 01 OF 02 220903Z

1. JULY 15 EDITION OF BAGHDAD DAILY, ATH-THAWRA, CARRIED
TEXT OF INTERVIEW WIT GOI OIL MINISTER TAYEH ABDUL KARIM
WHICH OUTLINES GOI OIL POLICY AND PROVIDES INFORMATION ON
NEW PROJECTS IN THE PETROLEUM SECTOR. FOLLOWING ARE
HIGHLIGHTS OF INTERVIEW:

A. PRODUCTION. ABDUL KARIM STATED THAT CURRENT

OIL PRODUCTION IS FAR BELOW CAPACITY, BUT HE ASSERTED THAT GOI DOES NOT WANT ANY PRODUCTION INCREASE THAT WILL RESULT IN THE DEPOSIT OF SURPLUS FUNDS IN WESTERN, ESPECIALLY AMERICAN, FINANCIAL INSTITUTIONS OR THAT WILL ANABLE THE IEA TO ACHIEVE "ITS GOAL OF CREATING ARTIFICIAL OIL SURPLUSES." HOWEVER, HE ADDED THAT IRAQ WILL CONTINUE EXPLORATION ACTIVITIES TO MEET POSSIBLE FUTURE REQUIREMENTS.

B. MARKETING. ABDUL KARIM STATED THAT IRAQ WILL CONTINUE EXPLORATION ACTIVITIES TO MEET POSSIBLE FUTURE REQUIREMENTS.

B. MARKETING. ABDUL KARIM STATED THAT IRAQ SELLS OIL TO MORE THAN 50 CUSTOMERS, THE RESULT OF GOI MARKETING POLICY TO AVOID RELIANCE ON ANY SINGLE BUYER OR GROUP OF BUYERS. HE ADDED THAT IRAQ DEALS DIRECTLY WITH HER CUSTOMERS, REJECTING THE USE OF INTERMEDIARIES, AND SAID THAT IRAQ ALSO REFUSES TO ACCEPT BARTER ARRANGEMENTS BECAUSE OF NEGATIVE IMPACT ON OIL PRICES. (COMMENT: WE UNDERSTAND THAT IRAQ, IN FACT, DOES HAVE BARTER ARRANGEMENTS WITH USSR AND SOME THIRD WORLD COUNTRIES, BUT NO BARTER DEALS HAVE BEEN CONCLUDED WITH OECD COUNTRIES.)

C. GAS PROJECTS. IN OVERVIEW OF PRESENT AND PLANNED GAS UTILIZATION PROJECTS, ABDUL KARIM STATED THAT THE COMPLETED FIRST PHASE OF THE SOUTHERN GAS PROJECT IS PRODUCING 556 MILLION CUBIC FEET PER DAY (CFD) OF DRY GAS.
UNCLASSIFIED

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PAGE 03 BAGHDA 01497 01 OF 02 220903Z

SECOND PHASE OF PROJECT IS SCHEDULED TO BE COMPLETED IN 1982 AND WILL PROVIDE 830 MILLION CFD. NORTHERN GAS PROJECT, ALSO SCHEDULED FOR 1982 COMPLETION, WILL PROVIDE 400 MILLION CFD. ABDUL KARIM SAID THAT BOTH PROJECTS WILL PROVIDE DRY GAS TO IRAQI INDUSTRIES FOR USE AS FUEL AND FEEDSTOCK. IN ADDITION, HE PREDICTED THAT UPON COMPLETION OF THESE PROJECTS IRAQ WILL HAVE AN ANNUAL EXPORT CAPACITY OF 3 MILLION TONS LPG AND ONE MILLION TONS NATURAL GASOLINE FROM SOUTHERN GAS PROJECT WHILE NORTHERN GAS PROJECT WILL PROVIDE ONE MILLION TONS LPG AND 250,000 TONS OF NATURAL GASOLINE. THE MINISTER NOTED THAT THESE TWO PROJECTS WILL UTILIZE OVER 70 PERCENT OF IRAQ'S PETROLEUM-ASSOCIATED GAS.
D. REFINING. ABDUL KARIM EMPHASIZED IMPORTANCE OF DOMESTIC REFINERIES TO GOI AS MEANS OF ACHIEVING "ECONOMIC INDEPENDENCE" AND REVIEWED PRESENT AND PROJECTED REFINERY CAPACITIES:

- (1) KIRKUK REFINERY-1.5 MILLION TONS PER YEAR (TPY)
- (2) BASRAH REFINERY-7 MILLION TPY (PRESENT CAPACITY 3.5 MILLION TPY)
- (3) DAURA-4 MILLION TPY
- (4) GAYARA REFINERY-120,000 TPY
- (5) SAMAWA REFINERY-EXPANSION TO 1 MILLION TPY

IN PROGRESS.

(6) BAIJI REFINERY-500,000 TYP

(7) NORTHERN REFINERY-7.5 MILLION TYP (TO BE
COMPLETED IN 1982)

HE STATED THAT FUTURE REFINERY PROJECTS WILL INCLUDED EXPANSION
OF BAIJI AND GAYARA REFINERIES AND CONSTRUCTION OF LARGE
EXPORT REFINERY. HE SAID THAT IRAQ IS COOPERATING WITH
OPEC ON ARAB REFINING PROJECTS, AND CHARGED THAT THE WEST
HAS ATTEMPTED TO FIGHT THE ESTABLISHMENT OF REFINERIES IN
THE MIDDLE EAST AND THE INTRODUCTION OF ARAB-REFINED PRODUCTS
IN WESTERN MARKETS, NOTING THAT OPEC AND OPEC SHOULD COUNTER
THIS OPPOSITION BY REQUIRING THAT A PERCENTAGE OF OIL
PURCHASED FROM MEMBER STATES BE IN THE FORM OF PRODUCTS.
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PAGE 04 BAGHDA 01497 01 OF 02 220903Z

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UNCLAS SECTION 2 OF 2 BAGHDAD 1497

ATHENS FOR RTDO

E. SOLAR ENERGY. ABDUL KARIM CRITICIZED EFFORTS BY
"IMPERIALIST COUNTRIES" TO OBTAIN ARAB MONEY FOR SOLAR
ENERGY RESEARCH. HE SATED THAT DEVELOPMENT OF SOLAR ENERGY
IS NEITHER A MAJOR PRIORITY NOR AN OBLIGATION FOR IRAQ;
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PAGE 02 BAGHDA 01497 02 OF 02 220908Z

HOWEVER, HE ADDED THAT GOI'S SCIENTIFIC RESEARCH FOUNDATION
WILL CONTINUE TO STUDY POSSIBLE APPLICATIONS OF SOLAR ENERGY
AND WILL FOLLOW INTERNATIONAL SCIENTIFIC DEVELOPMENTS IN THE
FIELD.

F. OPEC. ABDUL KARIM STATED THAT "ONLY A FEW OPEC
MEMBERS HAVE TAKEN UNJUSTIFIABLE POSITION ON THE VITAL
ISSUE FACING THE ORGANIZATION", E.E., SUPPORT FOR THE
CONTINUATION OF AN OIL PRICE FREEZE ON THE GROUNDS THAT A
PRICE HIKE WOULD PLACE A SEVERE STRAIN ON THE ECONOMIES
OF THE INDUSTRIALIZED STATES. HE EXPRESSED HOPE THAT THESE
OPEC MEMBERS WILL CHANGE THEIR STANCE IN VIEW OF INABILITY
OF WEST TO CONTROL INFLATION AND THE RESULTANT LOSSES
SUFFERED BY OPEC IN PARTICULAR AND THIRD WORLD IN
GENERAL.

2. FULL TEXT OF SPEECH WILL BE POUCHED.
PECK

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Message Attributes

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TAGS: ENRG, EIND, BTIO, IZ, OPEC, (KARIM, TAYEH ABDUL)
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